

# Press release

## AAK's Interim report for the second quarter 2018 – continued strong performance

### AAK Group

- Total volumes for the quarter amounted to 550,000 MT (521,000), an organic growth of 6 percent (5).
- Operating profit, including a positive currency translation impact of SEK 2 million, reached SEK 454 million (409), an improvement by 11 percent.
- Net result amounted to SEK 310 million (273), an improvement by 14 percent.
- Earnings per share increased by 15 percent, to SEK 1.20 (1.04).
- Cash flow from operating activities amounted to SEK 396 million (171). Cash flow from working capital was positive, amounting to SEK 65 million (negative 66).
- Return on Capital Employed (ROCE), R12M, was 15.5 percent (15.6 at December 31, 2017).

### Business areas

- Food Ingredients – operating profit improved by 8 percent to SEK 292 million (271).
- Chocolate & Confectionery Fats – operating profit reached SEK 169 million (165).
- Technical Products & Feed – operating profit improved by 256 percent, reaching SEK 32 million (9).

### CEO's comments

The positive trend we have seen over the last few years continued during the second quarter. Organic volume growth reached 6 percent (5). Based on our initiatives and by focusing on selected segments and applications in line with our company program The AAK Way, we continue to gain market shares.

Year-over-year, operating profit increased by 11 percent to a new all-time high for a second quarter.

All three business areas showed volume growth as well as profit growth. In addition, most of our geographic markets have seen good progress. However, there has been a slightly weaker development in the US market during the quarter.

Food Ingredients had another strong quarter with Dairy and Special Nutrition leading the way. For the second consecutive quarter our Bakery segment continued to show growth.

After a challenging first quarter, Chocolate & Confectionery Fats was back to a small profit growth. This despite being hampered by a stretched utilization of some production lines as well as a planned maintenance stop which will support future volume growth of high-end products.

Business area Technical Products & Feed reported strong volume and profit growth in the quarter. The product mix continued to improve within the fatty acids business. Compared to last year we had a shorter maintenance stop and lower raw material prices.



Based on our customer value propositions for health and reduced costs, and our customer product co-development and solutions approach, we continue to remain prudently optimistic about the future. The main drivers are the continued positive underlying development in Food Ingredients and a continued improvement in Chocolate & Confectionery Fats.

### **Press and analyst conference**

The Interim report for the second quarter 2018 will be presented today, July 18, 2018 at 1 p.m. CET at a press and analyst conference. For participation, please see instructions under the Investor tab at the AAK website, [www.aak.com](http://www.aak.com).

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*AAK is a leading provider of value-adding vegetable oils & fats. Our expertise in lipid technology within foods and special nutrition applications, our wide range of raw materials and our broad process capabilities enable us to develop innovative and value-adding solutions across many industries – Chocolate & Confectionery, Bakery, Dairy, Special Nutrition, Foodservice, Personal Care, and more. AAK's proven expertise is based on more than 140 years of experience within oils & fats. Our unique co-development approach brings our customers' skills and know-how together with our own capabilities and mindset for lasting results. Listed on Nasdaq Stockholm and with our headquarters in Malmö, Sweden, AAK has 20 different production facilities, sales offices in more than 25 countries and more than 3,400 employees. **We are AAK – The Co-Development Company.***

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